Government of
Saskatchewan

2005 - 2006
Financial Statements

Saskatchewan
Learning

School Division Tax Loss
Compensation Fund

Letter of Transmittal

Her Honour the Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

We respectfully submit the Financial Statements of the School Division Tax Loss Compensation Fund for the fiscal year ending March 31, 2006.

To better enhance education in Saskatchewan, the mandate of the Department of Learning was separated in February 2006, resulting in a shared responsibility of the Minister of Learning and the Minister of Advanced Education and Employment for these financial statements.

Deb Higgins
Minister of Learning

Pat Atkinson
Minister of Advanced Education
and Employment

The Honourable Deb Higgins
Minister of Learning

The Honourable Pat Atkinson
Minister of Advanced Education
and Employment

I have the honour of submitting the Financial Statements of the School Division Tax Loss Compensation Fund for the fiscal year ending March 31, 2006.

Bonnie Durnford
Deputy Minister of Learning

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the School Division Tax Loss Compensation Fund as at March 31, 2006 and the statement of operations and net assets for the year then ended. The School Division Tax Loss Compensation Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the School Division Tax Loss Compensation Fund as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 11, 2006

Fred Wendel, CMA, CA
Provincial Auditor

School Division Tax Loss Compensation Fund
Statement of Financial Position
As At March 31

Assets

	2006	2005
Due from General Revenue Fund (Note 4)	$ 5,513,609	$ 5,000,856
Accounts receivable	447,678	654,783
Interest receivable	46,698	29,366
	$ 6,007,985	$ 5,685,005

Liabilities and Net Assets

Liabilities		
Accounts payable	$ 495,486	$ 584,654
Net assets (Statement 2)	5,512,499	5,100,351
	$ 6,007,985	$ 5,685,005

(See accompanying notes to the financial statements)

School Division Tax Loss Compensation Fund
Statement of Operations and Net Assets
For the Year Ended March 31

	2006	2005
Revenue		
Contributions	$ 1,034,330	$ 1,041,620
Interest income	153,566	109,788
	1,187,896	1,151,408
Expenses		
Compensation to school divisions (Note 7)	775,748	781,215
Surplus for the year	412,148	370,193
Net assets, beginning of year	5,100,351	4,730,158
Net assets, end of year (Statement 1)	$ 5,512,499	$ 5,100,351

(See accompanying notes to the financial statements)

School Division Tax Loss Compensation Fund
Notes to the Financial Statements
March 31, 2006

1. Purpose and Creation of the Fund

The School Division Tax Loss Compensation Fund (Fund) was created by an amendment to *The Education Act* through *The Treaty Land Entitlement Implementation Act*. The amendment came into force on June 22, 1993. Order in Council #840/94 established regulations to administer the Fund on December 14, 1994.

The Fund is administered by the Department of Learning on behalf of school boards. The purpose of the Fund is to provide tax loss compensation to school divisions that lose tax revenue as a result of lands within that school division being set apart as an Indian reserve. The Fund receives money from the provincial (Department of First Nations and Metis Relations) and federal (Department of Indian Affairs and Northern Development Canada) governments as part of the Treaty Land Entitlement Framework Agreement. Payments are made to affected school divisions according to the formula stated in the regulations.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Due to the inherent uncertainty involved in such assessments, actual results may differ from those estimates.

3. Related Party Transactions

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Learning. Included in revenue is $310,299 (2005-$312,495) from the Department of First Nations and Metis Relations, of which $134,303 (2005-$205,254) was receivable at March 31, 2006. Other related party transactions are disclosed separately in these financial statements.

4. Due from the General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. The Fund's interest is calculated and paid from the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for the year ended March 31, 2006 is 2.82% (2005-2.19%).

5. Financial Instruments

The Fund's financial instruments include due from General Revenue Fund, accounts receivable, interest receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these financial instruments approximates their carrying values.

6. Cash Flow Statement

A cash flow statement has not been presented since the cash flow information is readily apparent from the other financial statements.

7. Compensation to School Divisions

Effective January 1, 2006, school divisions were re-organized to reflect the changing requirements in the province. The number of school divisions was reduced from 81 to 28.

The following lists the distributions made to the re-organized school divisions.

Organization	2006	2005
Chinook SD #211	$ 69,656	$ 6,442
Good Spirit SD #204	130,791	103,617
Horizon SD #205	10,603	38,662
Living Sky SD #202	98,678	238,346
Norhwest SD #203	144,361	120,630
Prairie Spirit SD #206	210,591	88,496
Prairie Valley SD #208	97,014	185,022
Sask Rivers SD #119	9,616	-
South East Cornerstone SD #209	4,438	-
Total	$ 775,748	$ 781,215

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation